

# **FISCAL NOTE**

## **SB 2279 - HB 2283**

February 7, 1998

**SUMMARY OF BILL:** Allows the Tennessee Higher Education Commission to enter into reciprocal agreements with any state to allow the admission of students from any state to Tennessee colleges and universities at Tennessee in-state student tuition rates if the other state will allow Tennessee students to attend the same type of colleges and universities in the other state at that state's in-state tuition rate.

### **ESTIMATED FISCAL IMPACT:**

#### **Increase State Expenditures - Exceeds \$500,000**

Assumes lost revenues to UT and Board of Regents systems will be replaced with state funds.

This estimate is based on the following information:

For each out-of-state student who is enrolled in a UT institution, revenues would decrease by \$4,682 (UTK) or \$4,596 (UTC or UTM) annually. For each out-of-state student enrolled in a Tennessee Board of Regents institution, revenues would decrease by \$4,596 (Universities) or \$3,256 (2-Year Institutions). Since the formula calculation recognizes out-of-state tuition as a funding source, when out-of-state revenue decreases, the state's share of the formula cost increases. It takes approximately 22 out-of-state students attending a 4-year institution to result in such costs exceeding \$100,000.

Current out-of-state enrollments indicate that approximately 40 states have more than 22 students attending a UT or TBR institution. Thus, if reciprocity agreements were made with any one of these 40 states, any affected Tennessee institution would lose out-of-state tuition automatically. This estimate assumes a minimum of 100 students will receive such reciprocity. There are approximately 6,000 out-of-state students in the UT system and approximately 9,300 out-of-state students in the Board of Regents system.

Factors which will affect the fiscal impact are:

1. Which states will enter into reciprocity agreements with Tennessee.

## **SB 2279 - HB 2283**

2. Whether the entire state enters into a reciprocity agreement or only selected counties in Tennessee and in another state enter into such an agreement.
3. The number of additional students who would elect to come into Tennessee from out-of-state or which Tennessee institution they would elect to attend.
4. The number of students who would elect to leave Tennessee to go to an out-of-state institution under a reciprocity agreement.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director